## **Walden Research Japan**

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# **FREUND CORPORATION (6312)**

Consolidated FY		Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Jaies	Profit	Profit	Owners of Parent	(Yen)	(Yen)	(Yen)
FY02/2017		21,164	2,041	2,097	1,064	61.7	20.0	706.6
FY02/2018		19,801	1,971	1,994	1,477	85.7	20.0	767.9
FY02/2019CoE		20,000	1,900	1,900	1,350	78.3	20.0	-
FY02/2018	YoY	(6.4%)	(3.4%)	(4.9%)	38.8%	-	-	-
FY02/2019CoE	YoY	1.0%	(3.6%)	(4.7%)	(8.6%)	-	-	-
Consolidated Half Year		Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Sales	Profit	Profit	<b>Owners of Parent</b>	(Yen)	(Yen)	(Yen)
Q1 to Q2 FY02/2019		9,117	592	684	466	-	-	-
Q3 to Q4 FY02/2019CoE		10,882	1,307	1,215	883	-	-	-
Q1 to Q2 FY02/2019	YoY	(6.9%)	(44.8%)	(37.3%)	(36.5%)	-	-	-
Q3 to Q4 FY02/2019CoE	YoY	8.7%	45.8%	34.7%	18.9%	-	-	-

Source: Company Data, WRJ Calculation

## 1.0 Executive Summary (12 November 2018)

#### **Hitting the Bottom**

FREUND CORPORATION, developing, manufacturing and selling equipment represented by pharmaceutical-related and chemicals by pharmaceutical excipients, is to see a recovery of earnings in H2. The Company suggests that order intake on the Equipment side is hitting the bottom for pharmaceutical-related in Japan, while sales and earnings remain so buoyant for pharmaceutical excipients on the Chemicals side. In Q1 to Q2 FY02/2019, order intake on the Equipment side came in at ¥6,518m (up 8.9% YoY) and order backlog on the rise. This is in line with the trends of the mainstay domain both by application and by region, i.e., pharmaceutical-related in Japan. According to the Company, demand is now picking up to eventually achieve penetration rate of 80% for generic drugs. At the same time, the Company sees strengths on order intake overseas given that of a large-scale project in Brazil, as well as suggesting that order intake is also on the rise in regards to non-pharmaceutical-related ( industrial-related) due to strengths associated with supplement industry where the manufacturing process is similar to pharmaceuticals. Meanwhile, the Company's 7th midterm management plan "ONE FREUND" (FY02/2018 to FY02/2022) is calling for prospective sales of ¥30,000m, operating profit of ¥3,000m and operating profit margin of 10.0% in FY02/2022 or the last year of the plan. During the said period, the Company is to see CAGR of 7.2% for sales and 8.0% for earnings. Still, over the first three years, where the Company is supposed to see a period of "building foundation for growth", business performance is expected to remain "flat", which is to be followed by a period of "benefiting from growth" over the last two years. After implementing measures of a) development of new products, b) focus on non-pharmaceutical-related ( industrial-related) and c) cultivations overseas during the first three years, the Company is to see earnings growth stemming from here over the last two years, materializing above-mentioned earnings target.

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## 2.0 Company Profile

Equipment and Chemicals					
Company Name	FREUND CORPORATION				
	Company Website				
	Company Website       IR Information				
	Share Price (Japanese)				
Established	22 April 1964				
Listing	24 July 1996: Tokyo Stock Exchange JASDAQ Standard (ticker: 6312)				
Capital	¥1,035m (as of the end of August 2018)				
No. of Shares	18,400,000 shares, including 1,655,478 treasury shares (as of the end of Aug. 2018)				
Main Features	• Leading the domestic market of Japan for granulation/coating equipment with				
	market share of 60% to 70%				
	• Focus on new domains, i.e., tablet-printing equipment (TABREX),				
	rechargeable- battery-related manufacturing equipment, etc.				
	Pharmaceutical excipients, the key driver for Chemicals				
Business Segments	. Equipment				
	. Chemicals				
Top Management	President & CEO: Iwao Fusejima				
Shareholders	KK Fusejima Yokosha 8.96%, Yasutoyo Fusejima 7.18%, MUFG Bank, Ltd. 4.54%				
	(as of the end of August 2018)				
Headquarters	FREUND Bldg., 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo, JAPAN				
No. of Employees	Consolidated: 415, Parent: 241 (as of the end of August 2018)				

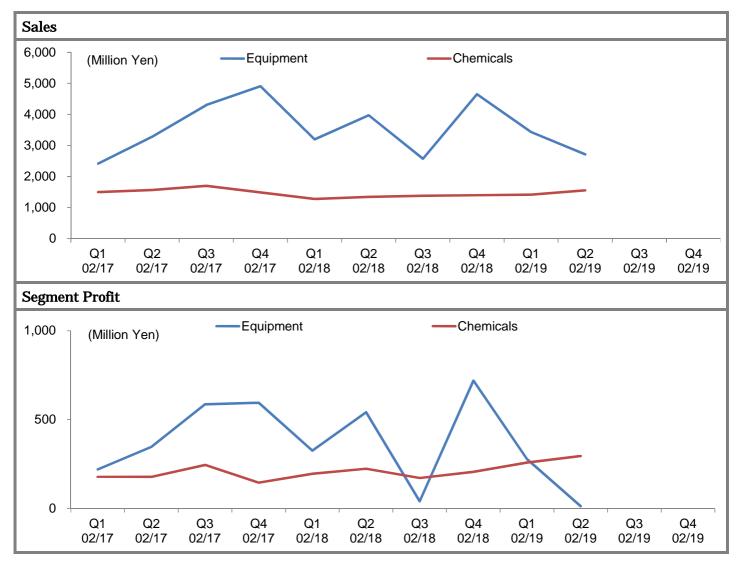
Source: Company Data

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## 3.0 Recent Trading and Prospects

#### Q1 to Q2 FY02/2019 Results

In Q1 to Q2 FY02/2019, sales came in at \$9,117m (down 6.9% YoY), operating profit \$592m (down 44.8%), recurring profit \$684m (down 37.3%) and profit attributable to owners of parent \$466m (down 36.5%), while operating profit margin 6.5% (down 4.5% points).



Source: Company Data, WRJ Calculation

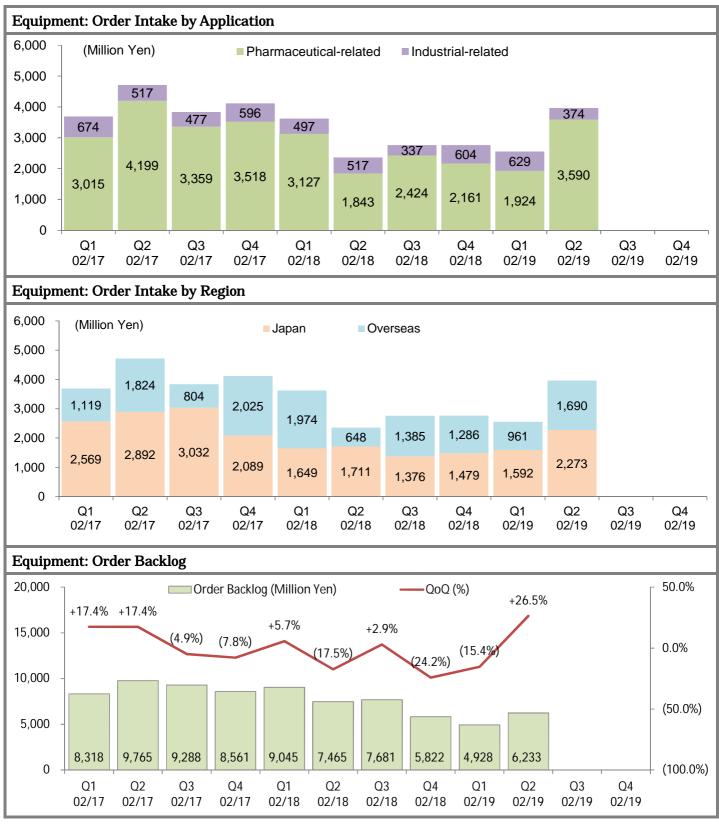
By business segment, Equipment saw sales of \$6,145m (down 14.3%), segment profit of \$291m (down 66.5%) and segment profit margin of 4.7% (down 7.4% points), while Chemicals sales of \$2,971m (up 13.5%), segment profit of \$556m (up 32.1%) and segment profit margin of 18.7% (up 2.6% points). Meanwhile, the Company saw segment profit of \$847m (before elimination) as a whole for the Company, suggesting that Equipment accounted for 34.4% of total and Chemicals 65.6%.

On the Equipment side, sales of pharmaceutical-related came in at ¥5,163m (down 15.8%) and industrial-related ¥981m (down 5.5%). Thus, sales of the mainstay pharmaceutical-related mainly comprising granulation/coating equipment came down sharply. Non-reappearance of frontloaded demand and concentration of sales overseas are the two main reasons. During the same period in the previous year, the Company saw sales of frontloaded demand associated with 80% penetration target for generic drugs in Japan, which just did not reappear two years in a row. Meanwhile, the Company suggests that sales overseas are to be concentrated in H2 more than regular years. On top of this, the Company also suffered from non-reappearance of a large-scale project carrying high profit margin, which is another reason for decreasing sales and is a key reason for falling earnings. Over the same period in the previous year, the Company saw sales in Europe in regards to a large-scale project carrying high profit margin, according to the Company.

In regards to industrial-related, sales of rechargeable-battery-related manufacturing equipment are sluggish, although the Company has been keen on sales promotions for some time. Inquiries are abundant, but the Company suggests that it fails to make progress at the stage of bidding where order placement is eventually confirmed. The major customer base here comprises manufacturers of rechargeable batteries based in China and the Company spots that own situations may be affected by excess competition in the market to which they are exposed.

By region, sales of Japan came in at \$4,352m (down 4.5%) and sales overseas \$1,793m (down 31.4%), comprising \$1,007m (down 10.0%) in North America & Latin America, \$141m (down 86.1%) in Europe & Africa and \$643m (up 35.8%) in Middle East, Asia & Oceania. In Japan, it was not insignificant that the Company suffered from above-mentioned non-reappearance of frontloaded demand, while sales were rather supported by those associated with non-pharmaceuticals ( industrial-related) represented by supplement industry. At the same time, the Company also argues that sales in North America have remained roughly unchanged over the same period in the previous year, while sales in Europe suffered from above-mentioned non-reappearance of a large-scale project carrying high profit margin. Elsewhere, sales were buoyant in China as well as in India.

Meanwhile, order intake on the Equipment side suggests that sales are to recover in H2. Order intake came in at ¥6,518m (up 8.9%) and order backlog stood at ¥6,233m as of the end of Q2 versus ¥4,928m as of the end of Q1, implying increases by 26.5%. By application, pharmaceutical-related saw order intake of ¥5,514m (up 11.0%) and industrial-related ¥1,003m (down 1.1%), while ¥3,866m (up 15.0%) in Japan and ¥2,652m (up 1.1%) overseas. According to the Company's disclosure in the results meeting on 18 October 2018, given a recovery of demand associated with 80% penetration rate target for generic drugs, order intake increased in the domain of pharmaceutical-related by application and in Japan by region. On top of this, the Company's granulation/coating equipment are now increasingly adopted in supplement industry where the manufacturing process is similar to pharmaceuticals and prospects are favorable. Demand for high quality OTC drugs and supplements made in Japan is picking up nicely from China and other Asian counties. Thus, the said industry is now in the process of investment to expand capacity to cope with this, according to the Company. Still, it appears that recent trading is below expectations as far as tablet-printing equipment (TABREX) of pharmaceutical-related are concerned. Initially, the Company was going for 20 units for both order intake and sales in FY02/2019, but it has been the case so far that the Company is demanded to upgrade hardware from users to have installed the said equipment to incorporate capability to do the printing to tablets more diversified than required in the beginning. At the moment, the Company focuses own resources to cope with this, negatively affecting to order intake as far as we could gather.



Source: Company Data, WRJ Calculation

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Tablet-printing equipment (TABREX) offer functionality to do "ink-jet-type printing" of identification information on the surface of tablets with objectives to avoid accidental ingestions and/or erroneous prescriptions, while being superior to existing "laser-type printing" in terms of identifiability. Given this, the Company believes that manufacturers of pharmaceuticals both new and generic are to keep on investing in equipment to do "ink-jet-type printing", going forward. Although the current situations for the Company are not quite favorable as above-mentioned, needs for high identifiability are rising and to rise further going forward, driven by increasing accidental ingestions in line with progressing population ageing and increasing home health care. After solutions on all those above-mentioned problems, the Company should see favorable order intake and sales in regards to tablet-printing equipment (TABREX) in a long-term view.

Meanwhile, in regards to granulation/coating equipment or the mainstay of pharmaceutical-related, the Company is keen on order intake on serial manufacturing system with "Granuformer" as the key product. So far, order intake has been placed for one unit from a major new pharmaceutical manufacturer based in Japan and this user is currently running the capacity on a pilot basis. According to the Company, this equipment enables serial manufacture with a stability by means of quality monitoring based on PAT (Process Analytical Technology) in each batch of the manufacturing process all through supplying of raw materials, blending, granulating, drying, adding of lubricants after mixing as well as tableting. That is to say, manufacturers of pharmaceuticals or users are able to manufacture own products faster than before, benefiting from rationalization to this extent. It has been the case that human-resource-oriented quality monitoring to take some time is adopted in each of the batch for the manufacture of pharmaceuticals due to the fact that it has a lot to do with life of human being, while the Company is trying to replace this by proprietary mechanism to control feedback. The Company argues that it is possible to quickly receive quality data through PAT and carry out immediate feedback for process parameter, realizing stable manufacture without deviation of monitoring range.

According to the Company, so-called Toyota Production System Jidoka or Automation with a Human Element materializes also in the manufacture of pharmaceuticals. Equipment after Jidoka are not supposed to manufacture any defective products as "utilization is suspended when disorder being found". In other words, the said equipment do not simply manufacture products "automatically", but the said equipment themselves well take advantage of built-in system to detect whether good or bad (Jidoka). When this becomes commercially viable on a full-fledged basis, revolution could take place for prospective earnings with the Company.

Meanwhile, on a parent basis sales came in at \$4,261m (down 10.9%) and order intake \$3,591m (down 6.4%). If it were not for sales in Europe on above-mentioned large-scale project carrying high profit margin, sales should have remained roughly unchanged over the same period in the previous year. At the same time, FREUND-VECTOR or subsidiary based in the United States saw sales of \$1,302m (down 30.9%) and order intake of \$2,198m (up 51.0%). Sales came down sharply and operating loss expanded over the same period in the previous year, but this U.S. subsidiary sees sales concentrated in H2 regularly to a large extent and thus operating profit.

In FY02/2019, this trend is to even accelerate. In July 2018, this U.S. subsidiary saw order intake on a project the largest ever since the inauguration from Brazil, having resulted in surging order intake as mentioned above, while sales stemming from here are to be booked by the end of the fiscal year. According to the Company, demand for pharmaceutical-related equipment in Brazil is now recovering and further upside for order intake should be pursued in this U.S. subsidiary. Elsewhere, FREUND-TURBO CORPORATION in charge of industrial-related equipment saw sales of ¥817m (up 4.2%) and order intake of ¥737m (up 5.9%). Sales of rechargeable-battery-related manufacturing equipment, mainly for China, are coming down, but this is more than compensated for by strengths on existing products here sold in Japan.

On the Chemicals side, pharmaceutical excipients saw sales of \$1,603m (up 25.3%), food preservatives \$1,079m (up 10.1%) and new foods \$287m (down 19.3%), while exports \$233m (up 24.7%), including those of all the three sub-segments. The mainstay pharmaceutical excipients saw surging sales and thus Chemicals as a whole, while earnings driven by income-increasing effects.

In Japan, given favorable sales of generic drugs having adopted the Company's pharmaceutical excipients over the past few years, sales of the Company's pharmaceutical excipients are also favorable. Meanwhile, the bulk of above-mentioned exports are of pharmaceutical excipients where those for the mainstay India are picking up sharply due to firm demand for the Company's proprietary pharmaceutical excipients. Going forward, demand is likely to remain buoyant and thus the Company is currently in the process of expanding capacity for the said product. In regards to food preservatives, the Company sees successful launch of new product, while trying to beef up exports here too.

In order to promote sales of pharmaceutical excipients in a long-term view, the Company is currently keen on enhancing sales network efficiently taking advantage of local dealers overseas, while holding seminars directly for local users. As in India increasingly important as the key manufacturing base of pharmaceuticals on a global basis, the Company is implementing all those measures also in China, where local government is trying to foster pharmaceutical industry as well as starting to remove low-quality pharmaceuticals at the same time. Shift for sophistication or "low-end" product to "high-end" product is taking place on a full-fledged basis in China, also driving demand for pharmaceutical-related equipment at the same time in the case of the Company. On top of this, the Company is starting to enhance sales network efficiently taking advantage of local dealers, while holding seminars directly for local users also in the United States. Competition is tough in the United States in fact, while the Company is trying get at opening a breach by means of focusing sales promotions on the Company proprietary product. For example, "CMEC" or one of the Company's proprietary pharmaceutical excipients exported to India sees volume quadrupling over two years.

To date, the Company has been seen almost no exports in regards to food preservatives, but now trying to beef up exports here too going forward. For some time, the Company has been appealing to suppliers of confectionary and/or bread supplying convenience stores based in China, Taiwan and Thailand with an objective to make them procure the Company's food preservatives, e.g., "Antimold", highly appreciated for its safety, knowhow accumulated for a long term and technological support services.

#### Income Statement (Cumulative, Quarterly)

I	0	0	0	0	0	0	0	0	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	<b>N</b> - <b>N</b>
(Million Vor)	Q1 02/2018	Q1 to Q2 02/2018	Q1 to Q3 02/2018	Q1 to Q4	Q1 02/2019	Q1 to Q2 02/2019	Q1 to Q3 02/2019	Q1 to Q4 02/2019	YoY Net Chg.
(Million Yen) Sales				02/2018			02/2019	02/2019	_
Cost of Sales	<b>4,472</b>	9,789	13,745	<b>19,801</b>	<b>4,849</b>	<b>9,117</b>	-	-	(671)
Gross Profit	2,915	6,317	8,993	12,985	3,245	6,100	-		(216)
SG&A	1,556 1,169	3,471 2,397	4,752 3,599	6,816 4,845	1,604 1,204	3,016 2,423	-		(455) +26
	387	2,397 1,074			<b>399</b>	2,423 <b>592</b>	-		
Operating Profit		1,074	1,152	1,971			-	-	(481)
Non Operating Balance	10 207		21	22	79	91 694	-		+74
Recurring Profit	<b>397</b> 0	1,091	<b>1,174</b> 59	<b>1,994</b> 99	<b>478</b> 21	<b>684</b> 21	-		<b>(407)</b> +23
Extraordinary Balance Profit before Income Taxes		(1)					-		
	397	1,089	1,234	2,093	500	705	-		(383)
Total Income Taxes	123	355	384	615	153	239	-		(115)
NP Belonging to Non-Controlling SHs	-	-	-	-	-	-	-	-	-
Profit Attributable to Owners of Parent	274	734	849	1,477	347	466	-		(268)
Sales YoY	+14.3%	+11.7%	(6.9%)	(6.4%)	+8.4%	(6.9%)	-		-
Operating Profit YoY	+31.3%	+56.4%	(20.0%)	(3.4%)	+3.0%	(44.8%)	-		-
Recurring Profit YoY	+26.7%	+54.0%	(21.0%)	(4.9%)	+20.3%	(37.3%)	-		-
Profit Attributable to Owners of Parent YoY	+464.9%	+139.7%	+4.1%	+38.8%	+26.6%	(36.5%)	-		-
Gross Profit Margin	34.8%	35.5%	34.6%	34.4%	33.1%	33.1%	-		(2.4%)
SG&A / Sales	26.1% 8.7%	24.5%	26.2%	24.5%	24.8%	26.6%	-		+2.1%
Operating Profit Margin		11.0%	8.4%	10.0%	8.2%	6.5%	-		(4.5%)
Recurring Profit Margin	8.9%	11.2%	8.5%	10.1%	9.9%	7.5%	-		(3.6%)
Profit Attributable to Owners of Parent Margin	6.1%	7.5%	6.2%	7.5%	7.2%	5.1%	-		(2.4%)
Total Income Taxes / Profit before Income Taxes	31.0%	32.6%	31.2%	29.4%	30.6%	33.9%	-	-	+1.4%
In come Ctotomont	Come Act	Come Act	Cone Ast	Come Act	Come Act	Come Act	Come Act	Come Act	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YeY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	Q1 02/2018	Q2 02/2018	Q3 02/2018	Q4 02/2018	Q1 02/2019	Q2 02/2019	Q3 02/2019		Net Chg.
(Million Yen) Sales	Q1 02/2018 4,472	Q2 02/2018 5,316	Q3 02/2018 3,956	Q4 02/2018 6,055	Q1 02/2019 4,849	Q2 02/2019 4,267	Q3	Q4	Net Chg. (1,049)
(Million Yen) Sales Cost of Sales	Q1 02/2018 <b>4,472</b> 2,915	Q2 02/2018 <b>5,316</b> 3,401	Q3 02/2018 <b>3,956</b> 2,675	Q4 02/2018 6,055 3,991	Q1 02/2019 4,849 3,245	Q2 02/2019 4,267 2,855	Q3 02/2019	Q4	Net Chg. (1,049) (546)
(Million Yen) Sales Cost of Sales Gross Profit	Q1 02/2018 <b>4,472</b> 2,915 1,556	Q2 02/2018 5,316 3,401 1,915	Q3 02/2018 3,956 2,675 1,280	Q4 02/2018 6,055 3,991 2,063	Q1 02/2019 4,849 3,245 1,604	Q2 02/2019 4,267 2,855 1,412	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503)
(Million Yen) Sales Cost of Sales Gross Profit SG&A	Q1 02/2018 4,472 2,915 1,556 1,169	Q2 02/2018 5,316 3,401 1,915 1,227	Q3 02/2018 3,956 2,675 1,280 1,202	Q4 02/2018 6,055 3,991 2,063 1,245	Q1 02/2019 4,849 3,245 1,604 1,204	Q2 02/2019 4,267 2,855 1,412 1,218	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit	Q1 02/2018 4,472 2,915 1,556 1,169 387	Q2 02/2018 5,316 3,401 1,915 1,227 687	Q3 02/2018 3,956 2,675 1,280 1,202 78	Q4 02/2018 6,055 3,991 2,063 1,245 818	Q1 02/2019 4,849 3,245 1,604 1,204 399	Q2 02/2019 4,267 2,855 1,412 1,218 193	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10	Q2 02/2018 5,316 3,401 1,915 1,227 687 6	Q3 02/2018 3,956 2,675 1,280 1,202 78 4	Q4 02/2018 6,055 3,991 2,063 1,245 818 1	Q1 02/2019 4,849 3,245 1,604 1,204 399 79	Q2 02/2019 4,267 2,855 1,412 1,218 193 11	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493) +5
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 79 478	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493) +5 (488)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397 0	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693 (1)	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 79 478 21	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397 0 397	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693 (1) 691	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 819 39 858	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 205	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (486)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397 0	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693 (1)	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 79 478 21	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0	Q3 02/2019	Q4	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397 0 397 123	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693 (1) 691 231	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 82 61 144 29	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 819 39 858 230	Q1 02/2019 3,245 1,604 1,204 399 79 478 21 500 153	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 205 86 -	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (488) (145)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent	Q1 02/2018 4,472 2,915 1,556 1,169 387 10 397 0 397 123 - 274	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 693 (1) 691 231 - - 460	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 82 61 144 29 - 114	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 819 39 858 230 - 628	Q1 02/2019 3,245 1,604 1,204 399 79 478 21 500 153 - 347	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 205 86 - 118	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (486)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 10 <b>397</b> 123 - <b>274</b> +14.3%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 87 6 6 93 (1) 691 231 - 460 +9.6%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 144 29 - 114 (34.1%)	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - - 628 (5.3%)	Q1 02/2019 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 - 118 (19.7%)	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (488) (145)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 397 123 - 274 +14.3% +31.3%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 7 6 87 6 93 (1) 691 231 - - 460 +9.6% +75.2%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%)	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - - 628 (5.3%) +36.3%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 - 118 (19.7%) (71.8%)	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (486) (145)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 7 6 87 6 9 3 (1) 691 231 - - - 460 +9.6% +75.2% +75.2%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.4%)	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 205 86 - 118 (19.7%) (71.8%) (70.4%)	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (486) (145)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 397 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 7 6 7 6 7 6 7 6 7 6 7 6 7 6 9 3 (1) 6 91 231 - - 460 +9.6% +75.2% +75.7% +78.5%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34,1%) (89,6%) (89,4%) (77,4%)	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +34.2%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 205 86 - 118 (19.7%) (71.8%) (70.4%) (74.1%)	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +11 (486) (145) - (341) -
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Profit Attributable to Owners of Parent YoY	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 7 6 87 6 9 3 1,227 6 87 6 9 3 1,227 6 87 6 9 3 1,227 6 87 6 9 3 1,227 6 87 6 9 3 1,227 6 87 6 9 3 6,011 1,915 1,227 6 87 6 9 3 6,011 1,915 1,227 6 87 6 9 3 6 9 1,227 6 87 6 9 1,227 6 8 7 7 8 1,227 6 8 1,227 6 8 1,227 6 8 1,227 6 8 1,227 6 1,227 6 8 1,227 6 8 1,227 6 1,227	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.4%) (77.4%)	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +36.3% +34.2% 4,152.7%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6% 33.1%	Q2 02/2019 4,265 1,412 1,218 193 11 205 0 0 205 86 - 118 (19.7%) (71.8%) (70.4%) (74.1%) 33.1%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) +1 (488) (145) - (341) - - - - - - - - - - - - - - -
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin SG&A / Sales	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9% 34.8% 26.1%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 6 93 (1) 691 231 - 460 +9.6% +75.2% +75.2% +75.7% +78.5% 36.0% 23.1%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.4%) (77.4%) 32.4% 30.4%	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +34.2% +152.7%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6% 33.1% 24.8%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 0 205 86 - 118 (19.7%) (71.8%) (71.8%) (70.4%) (74.1%) 33.1% 28.5%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) (145) (145) - (341) - (341) - - (2.9%) +5.5%
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin SG&A / Sales Operating Profit Margin	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9% 34.8% 26.1% 8.7%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 6 93 (1) 691 231 - 460 +9.6% +75.2% +75.7% +75.7% +78.5% 36.0% 23.1% 12.9%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.4%) (77.4%) 32.4% 30.4% 2.0%	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +36.3% +34.2% +152.7% 20.6% 34.1%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6% 33.1% 24.8% 8.2%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 0 205 86 - 118 (19.7%) (71.8%) (70.4%) (74.1%) (74.1%) 33.1% 28.5% 4.5%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (9) (493) +5 (488) (145) (145) - (341) - (341) - - - - - - - - - - - - - - - - - - -
(Million Yen)         Sales         Cost of Sales         Gross Profit         SG&A         Operating Profit         Non Operating Balance         Recurring Profit         Extraordinary Balance         Profit before Income Taxes         Total Income Taxes         NP Belonging to Non-Controlling SHs         Profit Attributable to Owners of Parent         Sales YoY         Operating Profit YoY         Recurring Profit YoY         Profit Attributable to Owners of Parent YoY         Gross Profit Margin         SG&A / Sales         Operating Profit Margin         Recurring Profit Margin	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9% 34.8% 26.1% 8.7% 8.9%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 6 93 (1) 691 231 - 460 +9.6% +75.2% +75.2% +75.7% +75.7% +78.5% 36.0% 23.1% 12.9% 13.1%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.6%) (89.6%) (89.4%) (77.4%) 32.4% 30.4% 2.0% 2.1%	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +34.2% +152.7% 34.1% 20.6% 13.5% 13.5%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6% 33.1% 24.8% 8.2% 9.9%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 0 205 86 - 118 (19.7%) (71.8%) (70.4%) (71.8%) (70.4%) (74.1%) (74.1%) 33.1% 28.5% 4.5%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (9) (493) +5 (488) (145) (145) - (341) - (341) - (2.9%) +5.5% (8.4%) (8.2%)
(Million Yen) Sales Cost of Sales Gross Profit SG&A Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin SG&A / Sales Operating Profit Margin	Q1 02/2018 4,472 2,915 1,556 1,169 <b>387</b> 10 <b>397</b> 0 0 397 123 - 274 +14.3% +31.3% +26.7% +464.9% 34.8% 26.1% 8.7%	Q2 02/2018 5,316 3,401 1,915 1,227 687 6 6 93 (1) 691 231 - 460 +9.6% +75.2% +75.7% +75.7% +78.5% 36.0% 23.1% 12.9%	Q3 02/2018 3,956 2,675 1,280 1,202 78 4 4 82 61 144 29 - 114 (34.1%) (89.6%) (89.4%) (77.4%) 32.4% 30.4% 2.0%	Q4 02/2018 6,055 3,991 2,063 1,245 818 1 1 819 39 858 230 - 628 (5.3%) +36.3% +36.3% +34.2% +152.7% 34.1% 20.6%	Q1 02/2019 4,849 3,245 1,604 1,204 399 79 478 21 500 153 - 347 +8.4% +3.0% +20.3% +26.6% 33.1% 24.8% 8.2%	Q2 02/2019 4,267 2,855 1,412 1,218 193 11 205 0 0 205 86 0 205 86 - 118 (19.7%) (71.8%) (70.4%) (74.1%) (74.1%) 33.1% 28.5% 4.5%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (1,049) (546) (503) (493) +55 (488) +11 (486) (145) - (341) - (341) - - - - - - - - - - - - - - - - - - -

## Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons. Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	02/2018	02/2018	02/2018	02/2018	02/2019	02/2019	02/2019	02/2019	Net Chg.
Equipment	3,198	7,171	9,747	14,403	3,433	6,145	-	-	(1,025)
Chemicals	1,274	2,617	3,998	5,398	1,416	2,971	-		+353
Sales	4,472	9,789	13,745	19,801	4,849	9,117	-	-	(671)
Machinery	+32.5%	+25.9%	(2.6%)	(3.4%)	+7.4%	(14.3%)	-	-	
Chemicals	(15.0%)	(14.6%)	(16.1%)	(13.6%)	+11.1%	+13.5%	-	-	-
Sales (YoY)	+14.3%	+11.7%	(6.9%)	(6.4%)	+8.4%	(6.9%)	-	-	-
Equipment	71.5%	73.3%	70.9%	72.7%	70.8%	67.4%	-	-	-
Chemicals	28.5%	26.7%	29.1%	27.3%	29.2%	32.6%	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-
Equipment	326	868	910	1,631	278	291	-	-	(577)
Chemicals	196	420	593	801	259	556	-		+135
Segment Profit	522	1,289	1,504	2,432	537	847	-		(442)
Elimination	(135)	(215)	(351)	(461)	(138)	(254)	-		(39)
Operating Profit	387	1,074	1,152	1,971	399	592	-		(481)
Equipment	+48.1%	+53.1%	(21.1%)	(6.8%)	(14.8%)	(66.5%)	-	-	
Chemicals	+10.1%	+17.9%	(1.4%)	+7.1%	+32.5%	+32.1%	-		-
Segment Profit (YoY)	+31.1%	+39.5%	(14.3%)	(2.6%)	+2.9%	(34.3%)	-	-	-
Equipment	62.5%	67.4%	60.5%	67.1%	51.7%	34.4%	-		
Chemicals	37.5%	32.6%	39.5%	32.9%	48.3%	65.6%	-		-
Segment Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-
Equipment	10.2%	12.1%	9.3%	11.3%	8.1%	4.7%			(7.4%)
Chemicals	15.4%	16.1%	14.9%	14.8%	18.3%	18.7%	-		+2.6%
									(0.6%)
Elimination	(3.0%)	(2.2%)	(2.6%)	(2.3%)	(Z.9%)	[Z.070]			
Elimination Operating Profit Margin	(3.0%) <b>8.7%</b>	(2.2%) <b>11.0%</b>	(2.6%) <b>8.4%</b>	(2.3%) <b>10.0%</b>	(2.9%) <b>8.2%</b>	(2.8%) <b>6.5%</b>	-	-	(4.5%)
	, ,	. ,	. ,		· ,		Cons.Act	- Cons.Act	
Operating Profit Margin	8.7%	11.0%	8.4%	10.0%	8.2%	6.5%	Cons.Act Q3	- Cons.Act Q4	
Operating Profit Margin	8.7% Cons.Act	11.0% Cons. Act	8.4% Cons.Act	10.0% Cons.Act	8.2% Cons.Act	6.5% Cons.Act			(4.5%)
Operating Profit Margin Segmented Information	8.7% Cons.Act Q1	11.0% Cons.Act Q2	8.4% Cons.Act Q3	<b>10.0%</b> Cons.Act Q4	8.2% Cons.Act Q1	6.5% Cons.Act Q2	Q3	Q4	(4.5%) YoY
Operating Profit Margin Segmented Information (Million Yen)	8.7% Cons.Act Q1 02/2018	11.0% Cons. Act Q2 02/2018	8.4% Cons.Act Q3 02/2018	10.0% Cons.Act Q4 02/2018	8.2% Cons.Act Q1 02/2019	6.5% Cons.Act Q2 02/2019	Q3	Q4	(4.5%) YoY Net Chg.
Operating Profit Margin Segmented Information (Million Yen) Equipment	8.7% Cons.Act Q1 02/2018 3,198	11.0% Cons.Act Q2 02/2018 3,973	8.4% Cons.Act Q3 02/2018 2,575	10.0% Cons.Act Q4 02/2018 4,655	8.2% Cons.Act Q1 02/2019 3,433	6.5% Cons.Act Q2 02/2019 2,712	Q3	Q4	(4.5%) YoY Net Chg. (1,261)
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274	11.0% Cons.Act Q2 02/2018 3,973 1,343	8.4% Cons.Act Q3 02/2018 2,575 1,381	10.0% Cons.Act Q4 02/2018 4,655 1,399	8.2% Cons.Act Q1 02/2019 3,433 1,416	6.5% Cons.Act Q2 02/2019 2,712 1,555	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0%	8.4% Cons.Act Q3 02/2018 2,575 1,381 	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%)	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%)	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%)	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%)	8.4% Cons.Act Q3 02/2018 2,575 1,381 <u>3,956</u> (40.2%) (18.7%)	10.0% Cons.Act Q4 02/2018 4,655 1,399 <b>6,055</b> (5.2%) (5.8%)	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY)	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%)	10.0% Cons.Act Q4 02/2018 4,655 1,399 <b>6,055</b> (5.2%) (5.8%) (5.8%)	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%)	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1%	10.0% Cons.Act Q4 02/2018 4,655 1,399 <b>6,055</b> (5.2%) (5.8%) (5.8%) (5.3%) 76.9%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.8%) (5.3%) 76.9% 23.1%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio)	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.8%) (5.3%) 76.9% 23.1% 100.0%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41	10.0% Cons.Act Q4 02/2018 4,655 (5.2%) (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172	10.0% Cons.Act Q4 02/2018 4,655 (5.2%) (5.3%) (5.3%) 76.9% 23.1% 100.0% 720 207	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135)	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80)	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214 (136)	10.0% Cons.Act Q4 02/2018 4,655 (5.2%) (5.3%) (5.3%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109)	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138)	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116)	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214 (136) 78	10.0% Cons.Act Q4 02/2018 4,655 (5.2%) (5.3%) (5.3%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Equipment	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) - (34.1%) - (55.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%)	10.0% Cons.Act Q4 02/2018 4,655 (5.2%) (5.3%) (5.3%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%)	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%)	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2% +25.7%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) - (55.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%) (29.4%)	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%) +32.5%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals Segment Profit Segment Profit Equipment Chemicals Segment Profit Equipment Chemicals Segment Profit Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1% +31.1%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) <u>687</u> +56.2% +25.7% +25.7%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) - 65.1% 34.9% 100.0% 41 172 214 (136) - 78 (92.9%) (29.4%) (74.2%)	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7% +25.0%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%) +32.5% +2.9%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9% (59.6%)	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals Segment Profit(YoY) Equipment Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1% +31.1% 62.5%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2% +25.7% +25.7% +45.8% 70.7%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (40.2%) (18.7%) (55.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%) (29.4%) (74.2%) 19.5%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7% +25.0% 77.7%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%) +32.5% +2.9% 51.7%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9% (59.6%) 4.3%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals Segment Profit Chemicals Segment Profit Chemicals Segment Profit Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1% +31.1% 62.5% 37.5%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2% +25.7% +25.7% +45.8% 70.7% 29.3%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%) (29.4%) (74.2%) 19.5% 80.5%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7% +25.0% 77.7% 22.3%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 2278 259 537 (138) 399 (14.8%) +32.5% +2.9% 51.7% 48.3%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9% (59.6%) 4.3% 95.7%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals Segment Profit (YoY) Equipment Chemicals Segment Profit (YoY) Equipment Chemicals Segment Profit (YoY)	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1% +31.1% 62.5% 37.5% 100.0%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2% +25.7% +25.7% +45.8% 70.7% 29.3% 100.0%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%) (29.4%) (74.2%) 19.5% 80.5% 100.0%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7% +25.0% 77.7% 22.3% 100.0%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%) +32.5% +2.9% 51.7% 48.3% 100.0%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9% (59.6%) 95.7% 100.0%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -
Operating Profit Margin Segmented Information (Million Yen) Equipment Chemicals Sales Machinery Chemicals Sales (YoY) Equipment Chemicals Sales (Composition Ratio) Equipment Chemicals Segment Profit Elimination Operating Profit Equipment Chemicals Segment Profit (YoY) Equipment Chemicals Segment Profit (YoY) Equipment Chemicals Segment Profit (Composition Ratio) Equipment Chemicals	8.7% Cons.Act Q1 02/2018 3,198 1,274 4,472 +32.5% (15.0%) +14.3% 71.5% 28.5% 100.0% 326 196 522 (135) 387 +48.1% +10.1% +31.1% 62.5% 37.5% 100.0% 10.2%	11.0% Cons.Act Q2 02/2018 3,973 1,343 5,316 +21.0% (14.2%) +9.6% 74.7% 25.3% 100.0% 542 224 767 (80) 687 +56.2% +25.7% +45.8% 70.7% 29.3% 100.0% 13.7%	8.4% Cons.Act Q3 02/2018 2,575 1,381 3,956 (40.2%) (18.7%) (34.1%) 65.1% 34.9% 100.0% 41 172 214 (136) 78 (92.9%) (29.4%) (92.9%) (29.4%) 19.5% 80.5% 100.0% 1.6%	10.0% Cons.Act Q4 02/2018 4,655 1,399 6,055 (5.2%) (5.8%) (5.3%) 76.9% 23.1% 100.0% 720 207 927 (109) 818 +20.9% +41.7% +25.0% 77.7% 22.3% 100.0% 15.5%	8.2% Cons.Act Q1 02/2019 3,433 1,416 4,849 +7.4% +11.1% +8.4% 70.8% 29.2% 100.0% 278 259 537 (138) 399 (14.8%) +32.5% +2.9% 51.7% 48.3% 100.0% 8.1%	6.5% Cons.Act Q2 02/2019 2,712 1,555 4,267 (31.7%) +15.8% (19.7%) 63.6% 36.4% 100.0% 13 296 309 (116) 193 (97.5%) +31.9% (59.6%) 4.3% 95.7% 100.0% 0.5%	Q3	Q4	(4.5%) YoY Net Chg. (1,261) +211 (1,049) - - - - - - - - - - - - -

## Sales by Region: Equipment (Cumulative, Quarterly)

Sales by Region: Equipment	Cons.Act	Cons. Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	02/2018	02/2018	02/2018	02/2018	02/2019	02/2019	02/2019	02/2019	Net Chg.
Japan	2,566	4,559	5,883	8,493	2,783	4,352	-	-	(207)
North America & Latin America	331	1,119	1,795	2,979	289	1,007	-		(112)
Europe & Africa	210	1,018	1,287	1,782	80	141	-		(876)
Middle East, Asia & Oceania	88	473	781	1,147	279	643	-	-	+169
Overseas	631	2,612	3,864	5,909	649	1,793	-	-	(818)
Sales	3,198	7,171	9,747	14,403	3,433	6,145	-	-	(1,025)
Japan	+41.1%	+8.7%	(16.4%)	(10.2%)	+8.5%	(4.5%)	-	•	-
North America & Latin America	(24.2%)	+1.4%	(5.9%)	(23.3%)	(12.7%)	(10.0%)	-		-
Europe & Africa	+127.0%	+286.3%	+203.4%	+105.4%	(62.0%)	(86.1%)	-		-
Middle East, Asia & Oceania	+39.7%	+251.8%	+23.6%	+63.3%	+215.0%	+35.8%	-	-	-
Overseas	+6.3%	+73.8%	+30.4%	+8.3%	+2.9%	(31.4%)	-	-	-
Sales (YoY)	+32.5%	+25.9%	(2.6%)	(3.4%)	+7.4%	(14.3%)	-	-	-
Japan	80.3%	63.6%	60.4%	59.0%	81.1%	70.8%	-	•	-
North America & Latin America	10.4%	15.6%	18.4%	20.7%	8.4%	16.4%	-	-	-
Europe & Africa	6.6%	14.2%	13.2%	12.4%	2.3%	2.3%	-		-
Middle East, Asia & Oceania	2.8%	6.6%	8.0%	8.0%	8.2%	10.5%	-		-
Overseas	19.7%	36.4%	39.6%	41.0%	18.9%	29.2%	-	· ·	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-
Sales by Region: Equipment	Cons.Act	Cons. Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
Sales by Region: Equipment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ΥοΥ
									YoY Net Chg.
Sales by Region: Equipment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales by Region: Equipment (Million Yen)	Q1 02/2018	Q2 02/2018	Q3 02/2018	Q4 02/2018	Q1 02/2019	Q2 02/2019	Q3	Q4	Net Chg.
Sales by Region: Equipment (Million Yen) Japan	Q1 02/2018 2,566	Q2 02/2018 1,992	Q3 02/2018 1,323	Q4 02/2018 2,610	Q1 02/2019 2,783	Q2 02/2019 1,568	Q3	Q4	Net Chg. (424) (69) (746)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America	Q1 02/2018 2,566 331	Q2 02/2018 1,992 788	Q3 02/2018 1,323 675	Q4 02/2018 2,610 1,184	Q1 02/2019 2,783 289	Q2 02/2019 1,568 718	Q3	Q4	Net Chg. (424) (69)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa	Q1 02/2018 2,566 331 210	Q2 02/2018 1,992 788 807	Q3 02/2018 1,323 675 269	Q4 02/2018 2,610 1,184 494	Q1 02/2019 2,783 289 80	Q2 02/2019 1,568 718 61	Q3	Q4	Net Chg. (424) (69) (746)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania	Q1 02/2018 2,566 331 210 88 631 3,198	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b>	Q3 02/2018 1,323 675 269 307	Q4 02/2018 2,610 1,184 494 365 2,045 4,655	Q1 02/2019 2,783 289 80 279 649 3,433	Q2 02/2019 1,568 718 61 363 1,143 2,712	Q3	Q4	Net Chg. (424) (69) (746) (21)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%)	Q3 02/2018 1,323 675 269 307 1,252	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%)	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2%	Q3 02/2018 1,323 675 269 307 1,252 <b>2,575</b> (53.5%) (15.8%)	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%)	Q1 02/2019 2,783 289 80 279 649 3,433	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%)	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%)	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%)	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6%	Q3 02/2018 1,323 675 269 307 1,252 <b>2,575</b> (53.5%) (15.8%)	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0%	Q2 02/2019 1,568 718 61 363 1,143 <b>2,712</b> (21.3%) (8.8%) (92.4%) (5.5%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6% +118.0%	Q3 02/2018 1,323 675 269 307 1,252 <b>2,575</b> (53.5%) (15.8%) +67.5% (38.2%) (14.3%)	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%)	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY)	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +6.3% +32.5%	Q2 02/2018 1,992 788 807 385 1,980 3,973 (16.1%) +18.2% +373.0% +441.6% +118.0% +21.0%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (40.2%)	Q4 02/2018 2,610 1,184 494 3655 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (17.9%) <b>(5.2%)</b>	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%) (42.3%) (31.7%)	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY) Japan	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +6.3% 80.3%	Q2 02/2018 1,992 788 807 385 1,980 3,973 (16.1%) +18.2% +373.0% +441.6% +118.0% +21.0%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (40.2%) 51.4%	Q4 02/2018 2,610 1,184 494 3655 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (17.9%) 56.1%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9% 81.1%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (92.4%) (5.5%) (42.3%) (42.3%) (31.7%) 57.8%	Q3 02/2019 - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY) Japan North America & Latin America	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +6.3% <b>+32.5%</b> 80.3% 10.4%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6% +118.0% <b>+21.0%</b> 50.2% 19.8%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (40.2%) 51.4% 26.2%	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (17.9%) (5.2%) 56.1% 25.4%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9% 81.1% 8.1.1%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%) (42.3%) (31.7%) 57.8% 26.5%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY) Japan North America & Latin America Europe & Africa	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +39.7% +6.3% 80.3% 10.4% 6.6%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6% +118.0% <b>+21.0%</b> 50.2% 19.8% 20.3%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (40.2%) 51.4% 26.2% 10.5%	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (5.2%) 56.1% 25.4% 10.6%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9% 81.1% 8.1.1% 8.4% 2.3%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%) (5.5%) (42.3%) (31.7%) 57.8% 26.5% 2.3%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +6.3% <b>32.5%</b> 80.3% 10.4% 6.6% 2.8%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6% +118.0% +21.0% 50.2% 19.8% 20.3% 9.7%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (14.3%) (14.3%) (14.3%) (14.3%) 51.4% 26.2% 10.5% 11.9%	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (17.9%) 56.1% 25.4% 10.6% 7.9%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9% 81.1% 8.4% 2.3% 8.2%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%) (42.3%) (42.3%) (57.8% 26.5% 2.3% 2.3% 13.4%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)
Sales by Region: Equipment (Million Yen) Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales Japan North America & Latin America Europe & Africa Middle East, Asia & Oceania Overseas Sales (YoY) Japan North America & Latin America Europe & Africa	Q1 02/2018 2,566 331 210 88 631 3,198 +41.1% (24.2%) +127.0% +39.7% +6.3% +6.3% <b>30.3%</b> 10.4% 6.6%	Q2 02/2018 1,992 788 807 385 1,980 <b>3,973</b> (16.1%) +18.2% +373.0% +441.6% +118.0% <b>+21.0%</b> 50.2% 19.8% 20.3%	Q3 02/2018 1,323 675 269 307 1,252 2,575 (53.5%) (15.8%) +67.5% (38.2%) (14.3%) (40.2%) 51.4% 26.2% 10.5%	Q4 02/2018 2,610 1,184 494 365 2,045 4,655 +7.9% (40.1%) +11.6% +419.0% (17.9%) (5.2%) 56.1% 25.4% 10.6%	Q1 02/2019 2,783 289 80 279 649 3,433 +8.5% (12.7%) (62.0%) +215.0% +2.9% +2.9% 81.1% 8.1.1% 8.4% 2.3%	Q2 02/2019 1,568 718 61 363 1,143 2,712 (21.3%) (8.8%) (92.4%) (5.5%) (42.3%) (42.3%) (5.5%) (42.3%) (5.7.8% 26.5% 2.3%	Q3 02/2019 - - - - - - - - - - - - - - - - - - -	Q4 02/2019 - - - - - - - - - - - - - - - - - - -	Net Chg. (424) (69) (746) (21) (837)

#### Balance Sheet (Quarterly)

Balance Sheet	Cons.Act								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	02/2018	02/2018	02/2018	02/2018	02/2019	02/2019	02/2019	02/2019	Net Chg.
Cash & Deposit	6,152	6,000	6,392	6,568	5,236	5,245	-	-	(754)
Accounts Receivables	4,352	5,028	4,341	4,451	4,576	4,377	-	-	(650)
Inventory	3,094	3,344	4,061	3,185	2,998	2,802	-	-	(542)
Other	720	639	718	579	545	566	-	-	(72)
Current Assets	14,320	15,012	15,514	14,784	13,356	12,991	-	-	(2,021)
Tangible Assets	3,205	3,219	3,355	3,370	3,471	3,554	-	-	+334
Intangible Assets	43	32	20	102	96	91	-	-	+58
Investments & Other Assets	869	857	864	868	860	847	-	-	(9)
Fixed Assets	4,118	4,109	4,240	4,341	4,428	4,493	-	-	+383
Total Assets	18,439	19,122	19,755	19,125	17,784	17,484	-	-	(1,637)
Accounts Payables	2,893	3,289	3,273	2,823	2,510	2,142	-	-	(1,147)
Short Term Debt	-	-	-	-	-	-	-		-
Other	3,139	2,966	3,458	2,741	2,258	2,169	-	-	(797)
Current Liabilities	6,033	6,256	6,731	5,564	4,768	4,312	-	-	(1,944)
Long Term Debt	-	-	-	-	-	-	-		-
Other	325	333	336	318	323	319	-		(13)
Fixed Liabilities	325	333	336	318	323	319	-	-	(13)
Total Liabilities	6,358	6,589	7,067	5,883	5,092	4,632	-	-	(1,957)
Shareholders' Equity	12,339	12,800	12,915	13,543	12,973	13,092	-	-	+292
Adjustments	(258)	(267)	(226)	(301)	(281)	(240)	-		+27
Total Assets	12,081	12,532	12,688	13,242	12,691	12,852	-	-	+320
Total Liabilities & Net Assets	18,439	19,122	19,755	19,125	17,784	17,484	-	-	(1,637)
Equity Capital	12,081	12,532	12,688	13,242	12,691	12,852	-	-	+320
Interest Bearing Debt	-	-	-	-	-	-	-		-
Net Debt	(6,152)	(6,000)	(6,392)	(6,568)	(5,236)	(5,245)	-	-	+754
Equity Capital Ratio	65.5%	65.5%	64.2%	69.2%	71.4%	73.5%	-	-	-
Net-Debt-Equity Ratio	(50.9%)	(47.9%)	(50.4%)	(49.6%)	(41.3%)	(40.8%)	-		-
ROE (12 months)	11.1%	12.6%	9.0%	11.6%	12.5%	9.5%	-		-
ROA (12 months)	12.3%	13.2%	9.4%	10.4%	11.5%	8.7%	-	-	-
Total Assets Turnover	97%	111%	80%	127%	109%	98%	-	-	-
Inventory Turnover	3.8	4.1	2.6	5.0	4.3	4.1	-	-	-
Days of Inventory	97	90	139	73	84	90	-	-	-
Quick Ratio	174%	176%	159%	198%	206%	223%	-	-	-
Current Ratio	237%	240%	230%	266%	280%	301%	-	-	-
Source: Company Data, WR I Calculation									

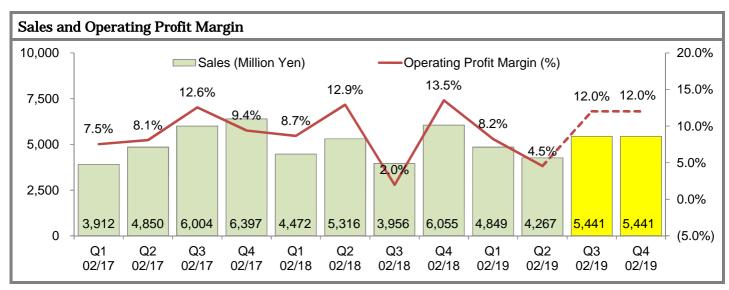
Source: Company Data, WRJ Calculation

## **Cash Flow Statement (Cumulative)**

Cash Flow Statement	Cons.Act								
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	02/2018	02/2018	02/2018	02/2018	02/2019	02/2019	02/2019	02/2019	Net Chg.
Operating Cash Flow	-	(375)	-	594	-	(230)	-	•	+145
Investment Cash Flow	-	(224)	-	(493)	-	(190)	-		+34
Operating CF & Investment CF	-	(600)	-	100	-	(420)	-		+179
Financing Cash Flow	-	(368)	-	(499)	-	(918)	-	· ·	(550)

#### FY02/2019 Company Forecasts

FY02/2019 initial Company forecasts have remained unchanged, going for prospective sales of \$20,000m (up 1.0% YoY), operating profit of \$1,900m (down 3.6%), recurring profit of \$1,900m (down 4.7%) and profit attributable to owners of parent of \$1,350m (down 8.6%), while operating profit margin of 9.5% (down 0.5% points). At the same time, Company forecasts have remained unchanged for prospective dividend, going for \$20,000m (up 1.0% YoY), operating profit of \$1,350m (down 8.6%), while operating profit margin of 9.5% (down 0.5% points). At the same time, Company forecasts have remained unchanged for prospective dividend, going for \$20.0 per share, implying payout ratio of 25.5%.



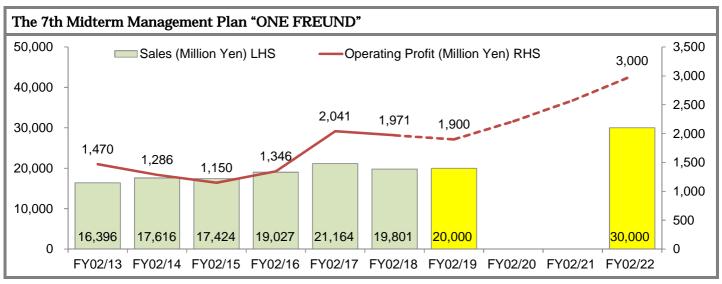
Source: Company Data, WRJ Calculation (Q3 & Q4 FY02/2019 : H2 Company forecasts pro rata)

By business segment, Company forecast assume sales of \$14,000m (down 2.8%) on the Equipment side and \$6,000m (up 11.1%) on the Chemicals side. On the Equipment side, given that sales came in at \$6,145m in Q1 to Q2, it is implied that Company forecasts assume sales of \$7,855m in H2. Thus, sales are to recover in H2, but sales are to still come down on a full-year basis as well as earnings at the same time. The Company mentions as the basic policy that it should achieve roughly flat business performance as a whole for the Company over the previous year, compensating for the sluggishness on the Equipment side by means of increasing sales and earnings on the Chemicals side driven by pharmaceutical excipients as well as by cutting back costs on a group basis.

Meanwhile, the Company also argues that it is to reduce lead time between order placement and sales booking on the Equipment side. For example, in regards to aforementioned large-scale project in Brazil, the Company is going for sales booking in December 2018 after order placement in July of the same year, implying lead time of 5 months. So far, the Company used to suggest lead time of 8 months to 10 months in regards to the mainstay granulation/coating equipment. At the end of the day, it is a must to do so in order to meet Company forecasts going for sales of \$7,855m in H2 versus order backlog having stood at \$6,233m as of the end of Q2.

#### Long-Term Prospects

On 11 April 2017, the Company released the 7th midterm management plan "ONE FREUND " (FY02/2018 to FY02/2022), calling for prospective sales of \$30,000m, operating profit of \$3,000m and operating profit margin of 10.0% as well as ROE of more than 8.0% (versus 9.0% in FY02/2017 results) in FY02/2022.



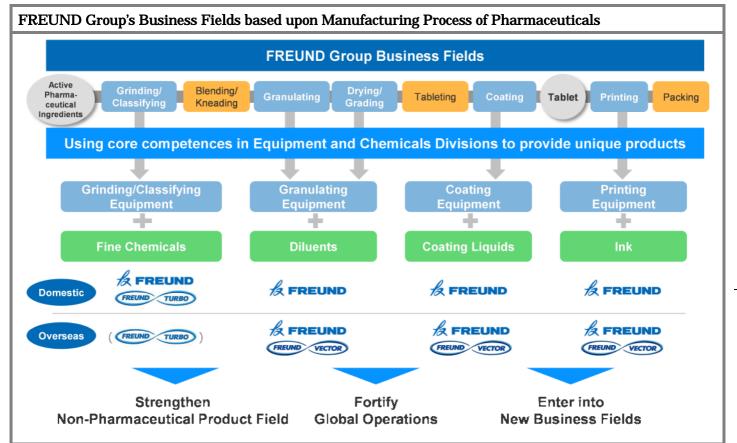
Source: Company Data, WRJ Calculation

When based on FY02/2017 results, the plan assumes CAGR of 7.2% for sales and 8.0% for earnings over 5-year period toward FY02/2022. Given that they were 6.8% and 13.9%, respectively, over 5-year period by FY02/2017, it is suggested that the Company is planning to see CAGR almost in line with the results over the said period in both sales and earnings. Still, as in five-year period by FY02/2017, the plan does not assume stable and linear growth in upcoming years as mentioned earlier.

## 4.0 Business Model

#### Formulation, the Key Technology

The Company's mainstay business is of developing, manufacturing and selling pharmaceutical-related granulation/coating equipment, incorporating proprietary formulation technology. Here, the Company is one of the three largest on a global basis. Glatt GmbH (based in Germany) is the largest and GEA Group (also based in Germany) the second largest together with the Company. Meanwhile, in Japan, the Company is the largest with market share of 60% to 70%, while the only competitor in Japan is Powrex Corporation (unlisted) which sells equivalents based on technology licensing by Glatt GmbH.



Source: Company Data

Granulation/coating equipment are literally applied in granulation and coating process in the manufacture of pharmaceuticals. Granulation refers to processing into fine particles through mixing drug compounds as an active ingredient of the medicament and additives to control various functions at a predetermined ratio. Meanwhile, coating refers to formation of functionality films on the surface of tablets so that emission limits to control drug resolution in the tablet surface are achievable and so is masking to block the bitterness, etc.

On the Chemicals side, the Company is involved with developing, manufacturing and selling of pharmaceutical excipients, food preservatives and new foods. Sales here are almost all those of Japan, but as far as pharmaceutical excipients are concerned, the Company is exposed to exports to India, Korea and Taiwan.

Serial Granulation and Drying	Tablet-Printing Equipment	Pharmaceutical Excipients
Granuformer	TABREX	Granutol F (Fine)
Granulation, mixing and drying all	Printing identification information	Miniaturized particles, diverse
on a serial basis	on the surface of tablets with	applications
	objectives to avoid accidental	
	ingestions and/or erroneous	
	prescriptions	

Source: Company Data

Pharmaceutical excipients are additives to formulate drug substances into tablets, coating agents, orally-fast-disintegrating tablets, capsules, granules, etc. in the manufacture of pharmaceuticals, making drug substances properly exert their functions. As discussed earlier, exports are currently increasing fast and the Company is likely to achieve ongoing increases of sales and earnings over the long term. Accounting for more than half of sales on the Chemicals side, while carrying high added value and thus high gross profit margin, earnings on the Chemicals side hinge on those of pharmaceutical excipients. On top of this, the Company is also involved with food preservatives adopted as those for baumkuchen and other diverse foods as well as with consign production of new foods.

#### Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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